

BEFORE THE  
POSTAL RATE COMMISSION  
WASHINGTON, D.C. 20268-0001

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POSTAL RATE COMMISSION  
OFFICE OF THE SECRETARY

POSTAL RATE AND FEE CHANGES, 2001

Docket No. R2001-1

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS SCHENK  
TO INTERROGATORIES OF MAGAZINE PUBLISHERS OF AMERICA, INC.  
(MPA/USPS-T43-2-3)

The United States Postal Service hereby provides the response of witness  
Schenk to the following interrogatories of Magazine Publisher of America, Inc.:  
MPA/USPS-T43-2-3, filed on October 10, 2001.

Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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Chief Counsel, Ratemaking

  
Nan K. McKenzie

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October 24, 2001

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS SCHENK  
TO INTERROGATORIES OF MAGAZINE PUBLISHERS OF AMERICA, INC.

**MPA/USPS-T43-2.** Please refer to your analysis of Test Year cost savings for bundle breakage reduction for flats mail, USPS-LR-J-118, and USPS-LR-61.

- (a) Please confirm that running USPS-LR-J-61 without piggyback factors produces the test year unit costs as provided in USPS-LR-J-118. If you cannot confirm, please explain.
- (b) Please describe the steps necessary to be taken to eliminate the piggyback factors from USPS-LR-J-61.
- (c) Please provide references to all cells in USPS-LR-J-61 that must be adjusted to replicate the unit cost figures you used in USPS-LR-J-118 and explain how they must be adjusted.

**RESPONSE:**

(a) Not confirmed. Running the models in USPS-LR-J-61 (in workbooks FCM.xls, Period.xls, and Standard.xls) without piggyback factors produces the test year unit costs *for the current bundle breakage rates* (see column 2a of Table 1, Table 2, and Table 3 of USPS-LR-J-118) for First-Class flats, Periodicals Outside County flats, and Standard Regular flats, respectively. The test year unit costs *for the reduced bundle breakage rates*, which are reported column 3a of Tables 1-3 in USPS-LR-J-118, are produced by running the models in USPS-LR-J-61 without piggyback factors and with the reduced bundle breakage rates.

(b) Set the piggyback factors given in cells B5:B11 equal to 1.000 in the sheet Piggybacks in FCM.xls, Period.xls, and Standard.xls in USPS-LR-J-61.

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**RESPONSE TO MPA/USPS-T43-2 CONTINUED:**

(c) In addition to the adjustments made to the piggyback factors (see response to 2b), the bundle breakage rates must be adjusted to product the unit costs in column 3a of Tables 1, 2, and 3 in USPS-LR-J-118 (i.e., the unit costs incorporating a 25 percent reduction in breakage rates). The bundle breakage rates are adjusted by multiplying the current rates by 0.75 in cells C8, C10, C12, C14, D8, D10, D12, and D14 of sheet Package Data in FCM.xls, Period.xls, and Standard.xls in USPS-LR-J-61.

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**MPA/USPS-T43-3.** Please refer to Table 1 of USPS-LR-J-119 and Docket No. R2000-1, USPS-LR-I-307, page 4 and Docket No. R2000-1, LR95del.xls, worksheet ecr splits.

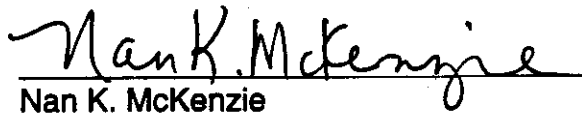
- (a) Please confirm that the costs shown in the column titled "Carrier In-Office Costs" do not include any piggyback costs. If not confirmed, please explain fully.
- (b) Please confirm that volumes in the "Total Volumes" column are total RPW volumes.
- (c) Does LOT sequencing of Carrier Route flats affect rural carrier costs in addition to city carrier costs? Please explain your response fully.

**RESPONSE:**

- (a) Confirmed.
- (b) Confirmed.
- (c) Unless specifically exempted, required LOT sequencing of Carrier Route flats would be applicable to all Carrier Route flats, regardless of whether they were delivered by rural carriers or city carriers.

## **CERTIFICATE OF SERVICE**

I hereby certify that I have this day served the foregoing document upon all participants of record in this proceeding in accordance with section 12 of the Rules of Practice.

  
Nan K. McKenzie

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